



## **Connecting rural-urban economies?**

### **Emerging urban center dynamics in Tanzania**

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# Connecting rural-urban economies? Emerging urban center dynamics in Tanzania

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Urban transformation in Rural Africa:

The role of small towns in sub-Saharan Africa – revisited

## Researching linkages and interactions between rural hinterlands and Emerging Urban Centres (EUCs)

- Interlinked relationship: urban settlements and rural hinterlands
  - Opportunities for investments
  - Job/employment creation
  - Access to services
- Examines the role of EUCs as 'drivers' for rural development
- Based on two EUCs and their rural hinterlands in Tanzania



## Emerging urban centres: Ilula (tomato) and Igowole (tea)

62 businesses  
(EUCs)

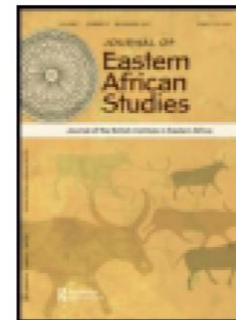
35 businesses  
(hinterland)

Survey of 695  
households  
(hinterland)



## EUC Development trajectories

- Rapid population growth
- Creation of new economic activities / diversification of the economy linked directly or indirectly to the intensification of crop cultivation (post-SAP era)
- 'Room for investment': agro-industrial value chains
  - Variety of demands for businesses and service activities directly related to the tomato value chain
  - Fewer possibilities directly related to the tea value chain
- New investments by both migrants and indigenous population
- Shops and new types of business enterprises (specialized) and service functions
- Savings from agriculture intertwined with investment in businesses and re-investment in both business and agriculture
- Spaces of attraction beyond the dominant crop



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### The role of credit facilities and investment practices in rural Tanzania: a comparative study of Igowole and Ilula emerging urban centres

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## Economic activities – households in the rural hinterlands

| <b>Categories of economic activities (income)</b> | <b>Ilula hinterland<br/>(% of total HHs undertaking the activity)<br/>N=206</b> | <b>Igowole hinterland<br/>(% of total HHs undertaking the activity)<br/>N=489</b> |
|---|---|---|
| Agricultural activities                           | 100   | 99  |
| Employment  | 16.5  | 31.5  |
| Business  | 50.5  | 40.5  |

- ~ 99% related to farming / agricultural production
- emphasizing the role of agriculture in livelihoods – but also a variety of 'business activities'



## Investment practices HHs in the rural hinterlands

| <b>Categories of investments (last 5 years)</b> | <b>Ilula hinterland<br/>(% of total HHs with investments)<br/>N = 122</b> | <b>Igowole hinterland<br/>(% of total HHs with investments)<br/>N = 251</b> |
|---|---|---|
| Improving housing                               | 43.4 %  | 51.4 %  |
| Education                                       | 48.4 %  | 43.4 %  |
| Buying land and other agricultural investments  | 32.8 %  | 37.1 %  |
| Livestock and livestock products                | 9.8 %   | 7.6 %   |
| Started business                                | 9.0 %   | 3.2 %   |
| Means of transport                              | 4.1 %   | 2.0 %   |



## Source of income for investments

| Source                           | Ilula hinterland<br>(% of total HHs with<br>investments)<br>N = 122 | Igowole hinterland<br>(% of total HHs with<br>investments)<br>N = 251 |
|----------------------------------|---|---|
| Farming dominant crop            | 50.0  | 8.4   |
| Maize farming                    | 22.1  |   |
| Farming other crops              | 23.0  | 17.5  |
| Livestock and livestock products | 7.4   |   |
| Credit facilities                | 6.6   | 6.8   |
| Agricultural employment          | 5.7   | 6.8   |
| Non-agricultural employment      | 4.1   | 16.3  |
| Craftsman/artisan                | 4.1   | 6.4   |
| General store                    | 1.6   |   |
| Remittances                      | 1.6   | 6.0   |
| Selling local brew               | 0.8   | 0.4   |
| Food vending                     | 0.8   |   |
| Timber activities                |   | 17.5  |
| Income from unspecified business |   | 15.1  |
| Unspecified business in the EUC  |   | 2.8   |





## Connecting rural-urban economies HHs economic activities in the EUCs (3)

- Investment related to the tomato value chain

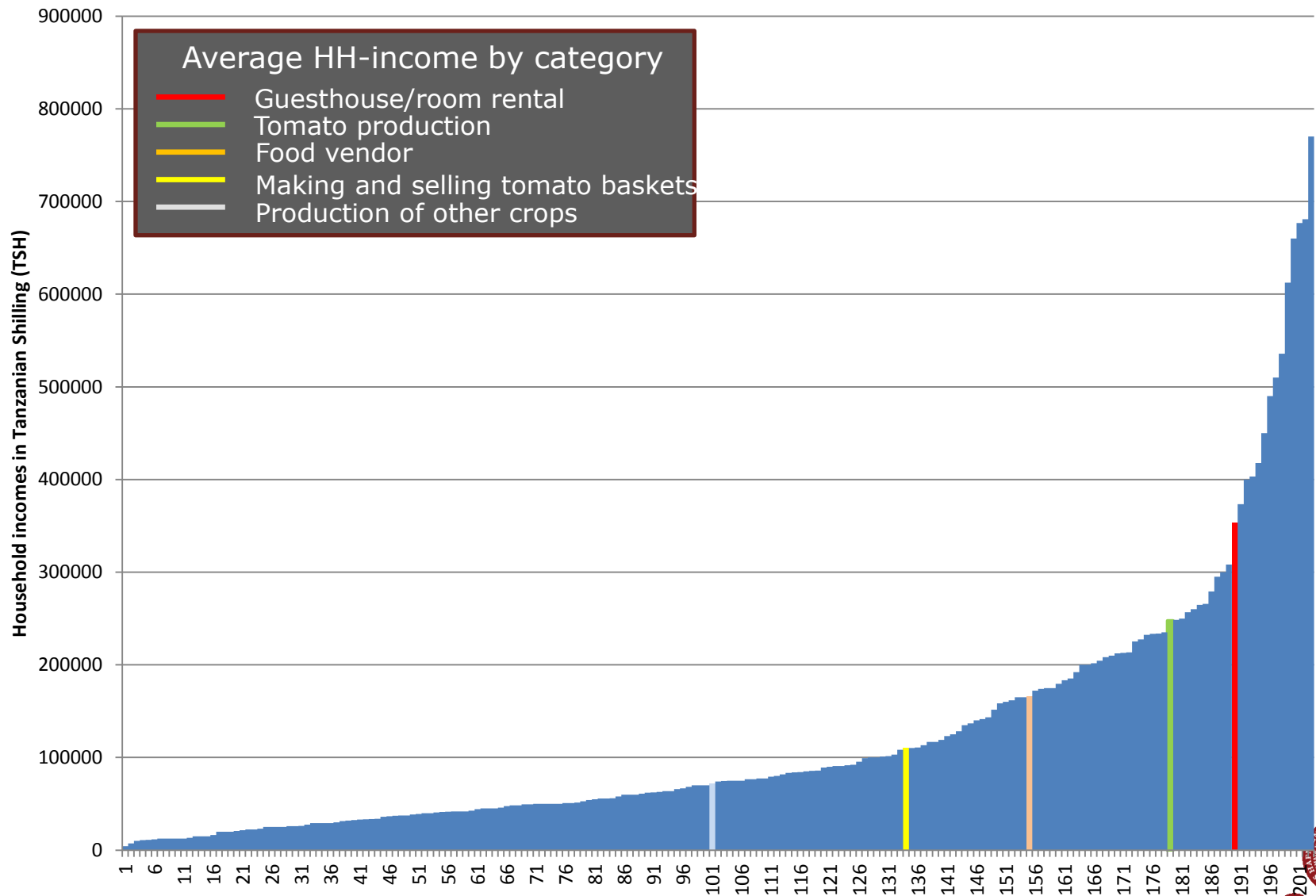


## Connecting rural-urban economies HHs economic activities in the EUCs (1)

|   | <b>Ilula hinterland<br/>N = 206</b> | <b>Igowole hinterland<br/>N = 489</b> |
|---|-------------------------------------|---------------------------------------|
| HHs with activities<br>(income) in EUCs | 15.5% (32 HHs)                      | 5.1% (25 HHs)                         |
| Specific economic activities            |                                     |                                       |
| Agriculture                             | 21 HHs                              | 16 HHs                                |
| Business                                | 27 HHs                              | 12 HHs                                |
| Employment                              | 0 HHs                               | 2 HHs                                 |



## HHs income distribution and economic activities in EUC



## Connecting rural-urban economies HHs economic activities in the EUCs (2)

- Investment in land
- Investment in improving and/or buying house
- Agricultural activities
- Investment in education
  
- Migration to EUC (head of or member of HHs)
  - Multilocality
  
- Other investments (timber, **transport**, livestock)





## Connecting rural-urban economies HHs economic activities in the EUCs (3)

- Investment related to the transport sector





## Businesses / shops in rural hinterlands



## Connecting economic activities Businesses in the rural hinterlands

- Emergence of small, less diversified, village centres dominated by small general stores/shops
- Stimulated through the easier access to wholesale stores in the EUCs
- All businesses established recently (2006-2011)
- Initial investment capital based on own savings
- Working capital provided through own savings (agricultural products / other economic activities)
- Reinvestment practices
  - Reproduction of household
  - Housing
  - Agriculture
  - Business

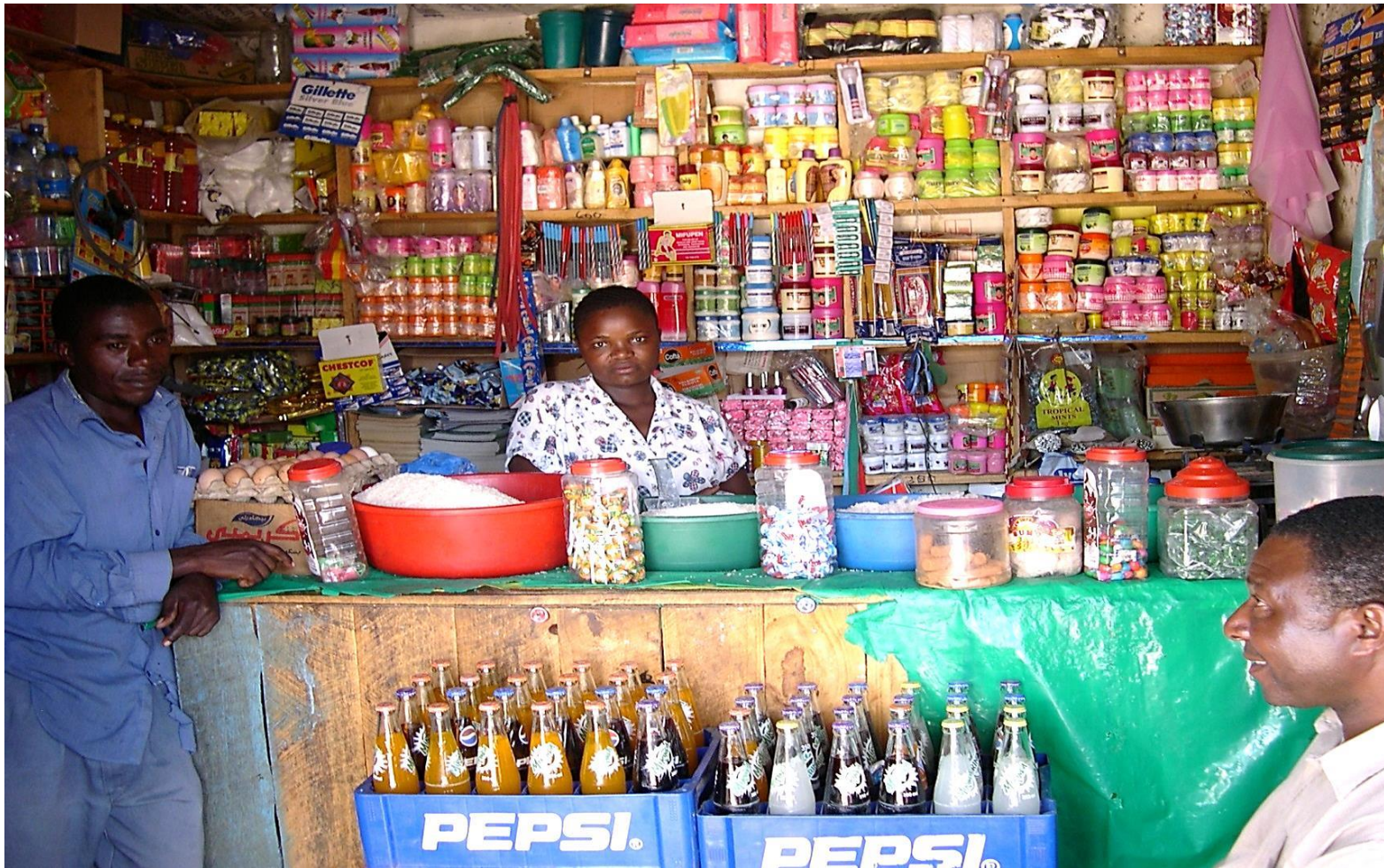




## Connecting rural-urban economies? Concluding remarks

- Based on the HH survey: economic linkages between rural households and EUC economic activities
  - Agriculture and business
- HHs investing in rural hinterland: agricultural and livestock activities but also businesses and means of transport
- Increasing access to services and goods in the EUCs
  - Improved transport facilities (and purchasing power)
- Access to goods in village centers in rural hinterland due to emergence of small shops / general stores
- EUC distance matters





Rural-Urban Transformation (RUT): <http://ign.ku.dk/rut/>

Rural-Urban Complementarities for the Reduction of Poverty (RUCROP):  
<http://ign.ku.dk/rucrop/>

